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**PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY
PROGRAMMES AND PROJECT**

**THIRD COUNTRY PROGRAMME FOR THE DEMOCRATIC
PEOPLE'S REPUBLIC OF KOREA**

Note by the Administrator

I. THE PROGRAMMING PROCESS

1. The third country programme for the Democratic People's Republic of Korea marks a significant shift in United Nations Development Programme (UNDP) technical cooperation as an outgrowth of an extensive process of consultations between the Government, UNDP and other United Nations specialized agencies. Eight programming missions by the United Nations agencies were fielded to assess current programmes and make proposals for the future in areas that were considered critical to the Government's development strategy. The missions covered trade and investment (United Nations Conference on Trade and Development (UNCTAD)/United Nations Industrial Development Organization (UNIDO)/United Nations Centre on Transnational Corporations (UNCTC)); industry (UNIDO); energy (Department of Technical Cooperation for Development (DTCD)); environment (UNDP); management (UNDP); housing and construction (United Nations Centre for Human Settlements (UNCHS)); and agriculture (Food and Agriculture Organization of the United Nations (FAO)). Additionally, two seminars on women in development and on joint ventures and the financial environment were instrumental in offering important insights into constraints and opportunities in the country in these areas.

2. Results of annual reviews, the mid-term review and the assessment of the second country programme also provided valuable inputs in the formulation of the third country programme. All relevant findings and recommendations were reflected in the UNDP advisory note transmitted by the Resident Representative to the Government in April 1991.

3. Areas of concentration, programmes and strategies of the third country programme were determined by the Government, taking into account the main contents of the advisory note. The period of the third country programme coincides with the last two years of the third seven-year plan. The Government has indicated that the major thrust of the seven-year plan will remain unchanged for the next plan period.

II. ANALYTICAL COMMENTARY ON THE THIRD COUNTRY PROGRAMME

4. The assessment of the previous country programme found that projects were scattered over too wide a spectrum of areas. A more focused approach should enable development of a more coherent strategy as the new programme evolves. For the third country programme, it is proposed that the bulk of its programmed resources, amounting to around 75 per cent, be targeted in four areas of concentration and five programmes within those areas. The areas of concentration are: (a) efficiency and sustainability of agricultural development; (b) energy efficiency; (c) environment and industry; and (d) international economic cooperation.

5. The remaining 25 per cent of resources reflects to a large extent projects already approved. These projects reflect other priority programmes and projects outside the country programme's areas of concentration but mainly within the human development theme and other areas of UNDP emphasis. Moreover, linkages of relevant activities have been established with the areas of concentration while other approved projects will be phased out gradually.

6. A characteristic feature of the four areas of concentration and the five programmes therein is that they are not sectoral in nature and are designed to address critical problems which are carefully defined and demarcated, thus avoiding open-ended interventions. This approach should ensure that these programmes have measurable, sustainable impacts. The third country programme differs significantly from the second in its emphasis on issues of global concern and on the transfer of available know-how and its application, rather than on research and development.

7. Each area of concentration addresses a critical constraint. In the agriculture sector, with limited arable land available, enhanced productivity, more extensive diversification (as in several other Asian countries) and environmentally friendly agricultural practices are urgently required. Better management of the industrial sector is critical, especially in view of the ambitious programmes of the Government for industrial and manufacturing development. As is apparent from the country programme, this is a concern not only at the country level but also at the level of the North-East Asia subregion, where complementary efforts are envisaged. The programme for energy efficiency is closely linked to environmental concerns and is also a key factor in economic efficiency. The broad framework prepared for the trade and investment programme is indicative of the many related activities that need to be launched to develop a coherent and practical strategy to expand trade with the rest of the world, with special attention to growing opportunities in the region.

8. It is clear that the themes of special UNDP focus have found practical expression in the third country programme. Natural resources management and the environment feature strongly in most programmes. Technology transfer is also a key element. There is significant opportunity for technical cooperation among developing countries (TCDC) to implement many components of the country programme. The significance of management development in economic growth is recognized. The high level of human development in the country is evidenced from the Human Development Index (HDI) of 74 in the Human Development Report 1991. In addition to the priority areas of concentration, continued attention will be given to programmes aimed at reducing income and other disparities between the geographical regions of the country and ensuring that UNDP cooperation is responsive to concerns of women in development in a meaningful way, noting that women currently constitute over half of the employed labour force.

9. UNDP has an important comparative advantage in the Democratic People's Republic of Korea. First, the United Nations system is the only source of technical cooperation in the absence of developed, market-economy country donors, and UNDP has the capacity to facilitate access to the United Nations system and other relevant expertise in developed countries. Second, over the past decade, UNDP has established a pool of experience and expertise to draw on. The activities proposed in the third country programme are those where UNDP is actively involved in other countries, particularly in Asia, and comparable experiences elsewhere will enable UNDP to transfer relevant, proven knowledge and facilitate technological adaptation.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

10. While some aspects of programme implementation are common to those of the second country programme, new modalities will have to be shaped to manage the more distinctive programme approach to be followed in the third programme. With the objective of national capacity-building, programmes will be nationally executed whenever this is appropriate and viable. Consequently, new cooperative relationships will need to be negotiated with the United Nations system agencies to provide implementation assistance to specific programme components which are in line with their expertise. Specialized agencies of the United Nations system will continue to be involved in the formulation, technical backstopping, monitoring and evaluation of programmes and projects.

11. A unit has been established within the General Bureau for Cooperation with International Organizations of the External Economic Affairs Commission to deal with national execution. Within this country programme period, national execution will be broadened to include other government institutions as well. While staff of the unit have a proven capacity to execute projects and have been appropriately trained through workshops and study tours, further training of government staff will be provided as required throughout the period of the third country programme. The services of a United Nations Volunteers (UNV) accountant are being provided to assist with the financial

management of nationally executed projects. A manual for national project directors is being prepared.

12. Internal monitoring mechanisms have been tightened to improve delivery and the timely availability of progress and financial reports. It is anticipated that the flexibility inherent in the implementation of large programmes will facilitate the fine tuning of commitment and delivery levels.

13. The third country programme will be subject to reviews annually and at the mid-point in order to reassess priorities in relation to the prevailing socio-economic situation. Necessary adjustments will be introduced to reflect the evolving priorities and needs of the Government.

IV. RECOMMENDATION OF THE ADMINISTRATOR

14. The third country programme of the Democratic People's Republic of Korea addresses key issues confronting the country in implementing its development strategies. In addition to addressing national priorities, UNDP technical cooperation will also reflect priority themes for development established by the Governing Council. The programme is formulated so as to make a sustainable impact on the country, especially in terms of institution-building and human resources development.

15. The Administrator recommends that the Governing Council approve the third country programme for the People's Democratic Republic of Korea.
